

# **EXHIBIT Y**

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# UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

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**FISCAL YEAR 2021**



*Lagardère*

# UNIVERSAL REGISTRATION DOCUMENT

including the Annual Financial Report

**Fiscal Year 2021**

**Lagardère SA**

A French joint-stock corporation (*société anonyme*) with share capital of €860,913,044.60

Registered office: 4 rue de Presbourg, 75016 Paris – France

Telephone: +33 (0)1 40 69 16 00

Registered with the Paris Trade and Companies Registry under number 320 366 446

Website: [www.lagardere.com](http://www.lagardere.com)



The Universal Registration Document was filed on 18 March 2022 with the French financial markets authority (*Autorité des marchés financiers* – AMF) as competent authority under Regulation (EU) 2017/1129 without prior approval pursuant to article 9 of said Regulation.

The Universal Registration Document may be used for the purposes of an offer to the public of securities or admission of securities to trading on a regulated market if approved by the AMF, together with any amendments, if applicable, and a securities note and summary approved in accordance with Regulation (EU) 2017/1129.

The Universal Registration Document including the Annual Financial Report is a translation into English of the Annual Financial Report/Universal Registration Document, prepared in xHTML format and issued in French, and is available on the website of the AMF and of the Company.

Lagardère

**Lagardère**  
PUBLISHING



**No. 3** CONSUMER PUBLISHING GROUP WORLDWIDE

**No. 1** PUBLISHING GROUP IN FRANCE

**No. 1** PUBLISHER OF PARTWORKS WORLDWIDE

Revenue

€2,598m



Operating margin

13.5%



Employees

6,919



over **200**  
PUBLISHING BRANDS

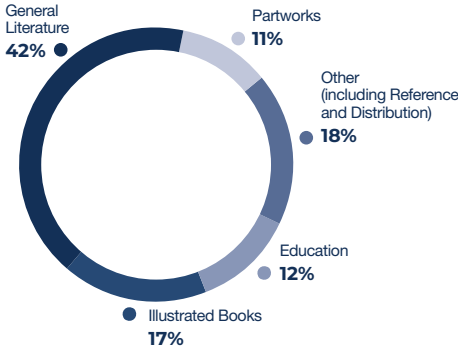


over **115,000**  
TITLES IN DIGITAL FORMAT

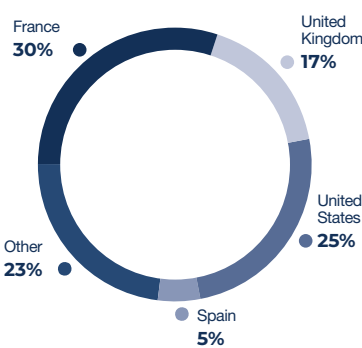


**16,000**  
NEW RELEASES

**REVENUE  
BY BUSINESS**



**REVENUE  
BY GEOGRAPHIC AREA**



**Lagardère** CHAPTER 1 - Overview of the Group

business, broaden the Elle branded business, grow the radio stations and diversify the revenue stream.

► **Lagardère Live Entertainment**, which is active in two segments:

- producing concerts (Florent Pagny, -M-, Jean-Louis Aubert, Jacques and Thomas Dutronc, Kev Adams, etc.) and shows (*Salut les copains*, *Les Choristes*, etc.);
- managing entertainment venues (Folies Bergère, Casino de Paris, Arkéa Arena and Arena du Pays d'Aix).

The live entertainment business was severely impacted by the Covid-19 pandemic and the health precautions mandated by the French government. However, as venues reopened, business

gradually recovered over the second half of the year. This meant that the concert and live show production business was able to resume for artists under contract with Lagardère Live Entertainment. In addition, more than 200 performances were organised in the venues it manages.

Given the persistence of the health crisis, the outlook for 2022 is still uncertain. Nevertheless, as of late December 2021, there were many 2022 dates booked in Lagardère Live Entertainment venues and several tours by artists managed by the division were already scheduled.

## 1.4.1 LAGARDÈRE PUBLISHING

### A) PRINCIPAL ACTIVITIES AND MAIN MARKETS

The world's third-largest Trade publisher for the general public and educational markets<sup>(1)</sup> (number one in France<sup>(2)</sup>, number two in the United Kingdom<sup>(3)</sup>, number three in Spain<sup>(4)</sup>, and number four in the United States<sup>(5)</sup>), Lagardère Publishing is a federation of publishing companies with a large degree of editorial independence. They are united by common management rules, a concerted effort to expand in digital activities, a coordinated strategy in respect of the global distribution giants, and the same high standards required of the people appointed to positions of responsibility in each company.

Since its foundation in 1826, Hachette Livre has consistently sought to publish, sell and distribute high quality innovative books that satisfy its readers' thirst for knowledge, culture and entertainment. The Company's employees, who contribute to the growth and ongoing success of the division, continue to pursue this goal.

Hachette Livre has a well-balanced, diversified portfolio (Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Board Games, Mobile Games, Distribution, etc.). Publishing is predominantly in the three main language groups: English, Spanish and French. The portfolio offers new bases for expansion by geographic area and business line, allowing Lagardère Publishing to capitalise on the most buoyant segments and the most dynamic markets.

The division's business model is based on its publishing/distribution value chain. Thanks to its highly reputed publishing houses and brand names, it is able to draw the fullest benefit from its close relationships with authors, the expertise of its sales force, the rigorous logistics organisation of its distribution network (leader in France) and the commitment of its highly trained employees.

The autonomy of the publishing houses, which are independent and fully responsible for their own creative processes and editorial decisions, encourages both creativity and internal competition. The large degree of autonomy that Hachette Livre allows each of its operating divisions is one of the key factors of its success, since each division of Lagardère Publishing forms a federation of small and medium-sized independent publishing houses with their own

corporate culture and specific – not to mention unique – editorial tone.

Each publishing house is responsible for relations with its own authors. Excellent individual relationships enable publishers to control the copyright portfolio and offer seamless supply to the paperback sector. In France, they also give rise to merchandising opportunities.

Central management functions in turn enable Hachette Livre to devise an aligned strategy in digital technologies, negotiate from a better position with large accounts and suppliers, and leverage economies of scale.

These combined assets make Hachette Livre France's leading publishing group, ahead of competitors such as Editis, Madrigall, Albin Michel and Média Participations. Hachette Livre ranks number one in the General Literature paperback market, and first in Youth Works and Illustrated Books, as well as in the traditionally more concentrated Textbook, Travel and Dictionaries segments.

Outside France, Hachette Livre conducts its business alongside competitors such as Pearson, Penguin Random House, Scholastic, Simon & Schuster, HarperCollins, Planeta and Holtzbrinck. In just a few years, it has succeeded in moving up from the thirteenth to the third position among private capital publishers worldwide.

Most of its new publications are also published in France, the United Kingdom and the United States in digital formats that are marketed in the form of e-books on every platform and, increasingly, as downloadable audiobooks. Hachette Livre has begun to diversify into Board Games and Mobile Games, to explore new, fast-growing entertainment territories.

(1) World publishing rankings prepared internally by Hachette Livre based on:

- the annual financial reports of the groups in question (most cases);
- rankings appearing each year in *Livres Hebdo* (rankings prepared with Rüdiger Wischenbart Content and Consulting, and generally used subsequently in partnership with *The Bookseller*, *Publishers Weekly* and *Buchreport*), and which are sometimes based on direct contacts with the groups in question (i.e., when annual financial reports are not available);
- the ranking, which takes into account private publishing companies in the Textbook market (excluding professional, and scientific, technical and medical publishing) and general interest (Trade).

(2) Source: data from the GfK survey panel in France and the education group of the French publishers association.

(3) Source: internal analyses based on Nielsen BookScan in the United Kingdom.

(4) Source: data from the GfK survey panel in Spain.

(5) Source: data from NPD BookScan in the United States.

**A.1 IN FRANCE<sup>(1)</sup>**

General Literature comprises prestigious publishing houses such as Grasset, Fayard, Stock, Calmann Lévy and Lattès. Each is prominent in a specific domain, but competes with the Group's other publishing houses and with rival publishing groups' brands. Le Livre de Poche, which releases paperback reprints for all of the division's publishing houses, as well as for many non-Group publishers, is today France's leading source of General Literature paperbacks. Lastly, Audiolib publishes audiobooks in CD and digital formats.

Hachette Illustré covers the entire range of Illustrated Books. It is number one in France for both Lifestyle (Hachette Pratique and Marabout) and Travel guides (Hachette Tourisme and Le Routard). Hachette Illustré is also number one in the high-quality illustrated book market with three prestigious publishers, Editions du Chêne, EPA and Hazan, and in Youth Works (Hachette Jeunesse Disney, Hachette Jeunesse, Hachette Romans, Deux Coqs d'Or, Gautier-Languereau and Le Livre de Poche Jeunesse). Hachette Livre boasts valuable editorial assets in this market, including characters such as Asterix, Babar, Noddy and Fantômette.

In Textbooks, Hachette Livre is the leading publisher in France<sup>(2)</sup> thanks to Hachette Éducation and the Alexandre Hatier group and, following its acquisition in 2020, Le Livre Scolaire. These entities include such reputed publishers as Hachette, Hatier, Didier and Foucher and other strong brands (Bled, Bescherelle, Passeport, Littré and Gaffiot), enabling Hachette Livre to occupy a leading position on the extra-curricular book segment.

In Reference and Dictionaries, famous assets include the Larousse, Hachette and Harrap's brands. Hachette Livre is number one in France for both monolingual and bilingual dictionaries. With its international reputation, Larousse generates around 25% of its revenue outside France, and is particularly well established as a brand in Spanish language books.

The Academic and Professional division includes Dunod-Armand Colin, the leader in France's higher education market. In 2021, the acquisition of French publisher Maxima expanded the division's market coverage in books about business (management, marketing, finance, etc.), private wealth management (estate planning, stock market investing, etc.) and business-related self help.

Distribution for Hachette Livre and other non-Group publishing houses under exclusive contracts is carried out through a distribution network managed from the national centre in Maurepas. Hachette Livre handles around 245 million copies per year and supplies more than 15,000 bookshops, online booksellers, speciality stores, newsagents, news stands and supermarkets in France, while at the same time providing a high level of service with deliveries to booksellers in 24 or 48 hours. Hachette Livre Distribution, the number one distributor in France, also operates in Belgium, Switzerland and French speaking Canada.

**A.2 OUTSIDE FRANCE<sup>(3)</sup>**

In 2021, Hachette UK was the United Kingdom's second-largest publisher, with 13.3%<sup>(4)</sup> of the print Trade book market through nine divisions: Octopus for Illustrated Books; Orion; Hodder & Stoughton; John Murray Press; Headline; Little, Brown; Quercus and Bookouture for General Literature; and Hachette Children's Group in the Youth Works segment.

These divisions and their brands have also enabled Hachette Livre to develop operations in Australia, New Zealand, Ireland, India, Singapore and the English-speaking Caribbean.

Hachette Livre is also a key player in the textbook market with Hodder Education, which ranks second in the market.

Lastly, Hachette Livre has a distribution business in the United Kingdom and, since 2019, an automated warehouse in Didcot (Oxfordshire).

Hachette España is the third-largest publisher in Spain and ranks as the leading publisher of textbooks through Anaya and Bruño. These two publishing houses are key players in the Education market, as well as in the extra-curricular books, General Adult Literature and Youth Works segments. It is also very well established in Spanish-speaking markets through its Larousse, Anaya, Bruño, Alianza, Algaída, Barcanova, Xerais and Salvat brands. In Mexico, Hachette Livre is one of the leading textbook publishers, under the Larousse and Patria brands.

In the United States, Hachette Book Group is the fourth-largest Trade book publisher thanks to imprints such as Grand Central Publishing, Little, Brown and Company, as well as Little, Brown Books for Young Readers in the Youth Works segment, FaithWords and Worthy Books in the religious segment, Orbit in science fiction, Perseus in non-fiction, Mulholland in crime fiction, etc. In 2021, the acquisition of Workman Publishing, a speciality publisher of youth works, illustrated books and non-fiction, strengthened Hachette Book Group's position in high-potential segments that fit well with the catalogues of the division's other imprints.

Hachette Livre also has distribution operations in the United States.

Partworks are published by the Hachette Collections division, and are sold per issue in news stands and by subscription. The Hachette Collections division has expanded internationally; Partworks are now published in 16 languages and 37 countries through subsidiaries based in France, the United Kingdom, Italy, Spain, Poland, Japan and Russia. This activity's marketing skills and capacity to create new products rigorously tested for compatibility with each market have made it the world leader, and a driving force behind Hachette Livre's overall performance.

Worldwide, Hachette Livre is represented either directly or indirectly in more than 70 countries across its various business lines and its 200 brands.

(1) Hachette Livre's competitive positions reflect data provided by the GfK panels to which the division subscribes.  
(2) Source: internal estimates.  
(3) Source: internal data, based on Nielsen BookScan in the United Kingdom, data from the GfK panel in Spain and NPD BookScan in the United States.  
(4) Source: Nielsen.

**B) OPERATIONS DURING 2021**

Contribution to consolidated revenue in 2021: €2,598 million (versus €2,375 million in 2020).

**Breakdown of revenue by activity**

	2021	2020
Education	12.5%	13.6%
Illustrated Books	17.1%	14.0%
General Literature	41.8%	44.7%
Partworks	11.4%	11.2%
Other (including Reference and Distribution)	17.2%	16.5%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Breakdown of revenue by geographic area**

	2021	2020
France	29.6%	27.9%
United Kingdom	17.3%	18.0%
United States	25.4%	26.5%
Spain	5.2%	5.5%
Other	22.5%	22.1%
<b>Total</b>	<b>100%</b>	<b>100%</b>

The global publishing market enjoyed sustained growth in every geographic area in 2021, with particularly buoyant demand in such segments as Youth Works and Illustrated Books.

In France, where the market ended 2020 down slightly after a first half impacted by strict lockdown measures and a robust rebound as from June, demand rose by a vibrant 22.1%<sup>(1)</sup> in value in 2021 and ended the year 19.9%<sup>(1)</sup> ahead of 2019.

Growth in Spain was more mixed, with sluggish demand in Education due to the lack of curriculum reform during the year and faster momentum in the Trade market, led by strong sales of Youth Works and graphic novels. Overall, the market ended the year up 16.3% in value.

In the English-speaking markets, print book sales rose by 3.6%<sup>(2)</sup> in the United Kingdom and by 8.9%<sup>(3)</sup> in the United States, with sustained growth in online sales. Downloadable audiobooks also pursued their robust growth, while e-book sales, which had soared during the lockdowns in 2020, flattened out during the year, especially in the United States.

Against this backdrop, Lagardère Publishing reported revenue of €2,598 million, up 9.4% as reported and 8.1% like-for-like, and recurring operating profit of €351 million, up 43%. The division's leading positions in fast-growing market segments, combined with major bestsellers, enabled it to capture favourable market trends in every geographic area. In addition, cost discipline and a favourable sales mix helped to improve division margins.

Lagardère Publishing is pursuing the same strategy built on nine core objectives:

1. constantly explore new growth opportunities by making the high value-creating acquisitions needed to maintain the division among the top-ranking publishing groups worldwide, which is an essential advantage conferring extra influence in negotiations with major customers. These acquisitions may also extend to related segments such as Board Games, in a commitment to reaching consumers who are shifting from books to other forms of entertainment;
2. spread risks across a significant number of markets and market segments to smooth the cyclical effects specific to each one;
3. concentrate acquisitions and the creation of new subsidiaries in countries belonging to language areas that offer critical mass in terms of potential markets;
4. offer publishing subsidiaries broad editorial independence to foster creativity, rapid response and team motivation, and therefore the ability to attract and retain the talented people who are the foundation of the division's organisation and success. This talent is what enables our publishers to discover, support and successfully develop the work of their authors;
5. actively seek out international bestsellers able to attract an extensive readership in all of the division's markets;
6. manage distribution both as a cost centre and a strategic link in the book value chain, in all of the division's markets;
7. continue to invest heavily in digital technologies to understand and satisfy authors, booksellers and readers more effectively;
8. selectively invest in high-growth markets;
9. an ambitious CSR strategy aimed at promoting a more ecological and inclusive development model.

(1) Source: GfK (by value).

(2) Source: Nielsen BookScan (by value).

(3) Source: NPD BookScan (by volume).

**B.1 IN FRANCE**

In France, the business recorded strong growth in 2021 across all segments except Education.

Hachette Éducation, the Alexandre Hatier group and Le Livre Scolaire suffered from the lack of curriculum reform during the year and a decline in demand for extra-curricular works, primarily due to the cancellation of final baccalaureate exams. Note, however, that the Alexandre Hatier group's Youth Works publishers Rageot and Didier Jeunesse delivered solid gains, led by a number of bestsellers in a buoyant market.

The Illustrated Books segment reported record high revenue in 2021, lifted by the release of a new Asterix album (*Asterix and the Griffin*) in October and by rising demand coupled with major bestsellers. The Lifestyle imprints made a strong contribution to revenue growth, thanks to bestsellers and sustained cookbook sales. This was also the case for manga, which benefitted from the success of the *Attack on Titan* series and, more broadly, a very favourable market dynamic, driven in part by the wider distribution of Culture Pass vouchers in the spring.

Larousse also reported higher revenue, with a sharp gain in the Lifestyle segment supported by strong sales of influencer titles (including *T12S – Transformation 12 semaines*) and the continued popularity of cookbooks.

Lastly, General Literature continued to grow following an already exceptional performance in 2020. Over the year, Le Livre de Poche's paperback sales rose to record heights and Audiolib saw an increase in downloads of its audiobooks. Large-format publishers also enjoyed higher revenue, particularly Grasset with the success of Delphine Horvilleur's essay *Vivre avec nos morts* and Laetitia Colombani's new novel *Le cerf-volant*. In addition, Stock had a good year-end with the success of Clara Dupont-Monod's *S'adapter*, which won three awards (Prix Goncourt des lycéens, Prix Femina and Prix Landerneau des lecteurs). After the release of two titles by Guillaume Musso in 2020, Calmann-Lévy's revenue was stable in 2021, which saw the publication of Laurent Gounelle's new novel, *Intuition*, and the success of Guillaume Musso's latest, *L'inconnue de la Seine*. Similarly, Lattès capitalised on E.L. James's new novel, *More Grey*, and the success of *Impressions et lignes claires*, the political essay by Édouard Philippe and Gilles Boyer. Conversely, Fayard saw revenue decline from 2020, when it was boosted by the publication of the French translation of the first volume of Barack Obama's memoirs, *A Promised Land*.

**B.2 OUTSIDE FRANCE****United States**

Hachette Book Group (HBG) reported a 3.7% increase in revenue in 2021, excluding the impact of consolidating Workman Publishing.

Business at Orbit and Little, Brown Books for Young Readers declined during the year due to the lack of bestsellers on a par with those released in 2020 (*The Witcher* and *Midnight Sun* respectively).

However, the other imprints reported growth thanks to a dense release schedule at Grand Central Publishing (with titles by singer Billie Eilish, Admiral William H. McRaven and actor Jamie Foxx), at Little, Brown and Company (with the release of *The President's Daughter*, the second novel co-written by Bill Clinton and James Patterson) and at religious imprint FaithWords. In addition, after being heavily impacted by the health crisis in 2020, Perseus enjoyed a rebound in business led by strong sales of backlist titles and a decline in returns.

The year also saw the acquisition in late September of Workman Publishing, a speciality publisher of youth works, illustrated books and non-fiction.

Lastly, sales of downloadable audiobooks declined by 7% in 2021. This was attributable to the unfavourable comparison with an exceptionally strong 2020, when successive lockdowns spurred demand for digital formats and certain titles enjoyed unprecedented success in audio format (notably *The Witcher* saga by Andrzej Sapkowski and *Talking to Strangers* by Malcolm Gladwell). Similarly, e-book sales fell by an even steeper 21% for similar reasons, plus declining demand.

**United Kingdom and the Commonwealth**

After an excellent 2020, Hachette UK delivered a record year in 2021 with like-for-like growth of 2.5% in a Trade print book market up 3.6%<sup>(1)</sup>.

The gains primarily stemmed from (i) strong Youth Works sales at Hachette Children's Group, led by the success of backlist titles in Leigh Bardugo's Grisha saga (which was developed into a Netflix series), and (ii) the publication of a new J. K. Rowling title in a buoyant market. Overseas sales also rose during the year, particularly in Australia, where they had been dampened by the drastic lockdown measures in 2020. The Adult Trade imprints turned in a more mixed performance, with Orion hurt by the lack of any bestsellers on a par with *The Witcher* in 2020, but robust growth at John Murray Press, thanks to the success of Billy Connolly's autobiography, *Windswept & Interesting*, and at Hodder & Stoughton, supported by the sustained growth in backlist sales.

Following a 2020 impacted by prolonged school closures, the Education segment also rebounded on firm demand during the assessment period when schools reopened in spring 2021. Lastly, the business was strengthened during the year by the acquisition of two textbook publishers, Illuminate Publishing and John Catt Educational.

Sales in the Digital business were mixed, with audiobooks gaining 12% but e-books sliding 6.4% after a 2020 that amid hard lockdowns was very favourable to the format.

**Spain and Latin America**

Sales in Spain rose over the year, buoyed by sustained demand in General Literature, which benefitted from Bruño's release of a new Asterix album. In addition, all the Trade imprints reported higher revenue. Lastly, the final quarter saw the creation of a new Commercial Fiction imprint, Contraluz, which will strengthen the Spanish organisation's positioning in the Trade segment.

Business in the Education segment was generally sluggish year-on-year due to the absence of any curriculum reform and a certain amount of buyer hesitation following enactment of the Ley Orgánica de Modificación de la Ley Orgánica de Educación (LOMLOE), which provides for curriculum reforms beginning in 2022.

In Latin America, after a first half shaped by a steep decline in business and an upsurge in returns during the prolonged school closures, a gradual recovery in the second half enabled Larousse Mexico and Patria to end 2021 in growth. In addition, the organisation was rationalised with the goal of positioning it more effectively to seize the growth opportunities offered by the market.

**Partworks**

Following a 2020 impacted by the health crisis in every geographic area and by Presstalis' difficulties in France, Partworks sales improved strongly over the year, with revenue gains in France, Japan and Latin America.

(1) Source: Nielsen BookScan (by value).



## 5.2 PRESENTATION OF THE FINANCIAL POSITION AND CONSOLIDATED FINANCIAL STATEMENTS OF LAGARDÈRE SA

**AFR**

### Comments on the Lagardère SA consolidated financial statements at 31 December 2021

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), as described in note 1 to the consolidated financial statements, "Accounting principles".

In 2018, the Group launched a strategic refocusing around two priority divisions (Lagardère Publishing and Lagardère Travel Retail), and around its Other Activities business (Lagardère News and Lagardère Live Entertainment). The Group restructured in 2019 in the wake of the successive disposals of Lagardère Active and Lagardère Sports assets.

Its internal reporting is now based on a **target business scope**, comprising:

► **Lagardère Publishing** which includes the Group's Book Publishing and e-Publishing businesses, covering such areas as Education, General Literature, Illustrated Books, Partworks, Dictionaries, Youth Works, Board Games, Mobile Games and Distribution.

► **Lagardère Travel Retail** which consists of retail operations in transit areas and concessions in three business segments: Travel Essentials, Duty Free & Fashion, and Foodservice.

The target scope also includes "**Other Activities**", which groups together Lagardère News (Paris Match and Le Journal du Dimanche magazine titles, Europe 1, RFM and Virgin Radio stations, and the Elle brand licence), Lagardère Live Entertainment, Lagardère Paris Racing, and the Group Corporate function. The Corporate function is used primarily to report the effect of financing obtained by the Group and the net operating costs of Group holding companies.

**Lagardère Sports** was sold on 22 April 2020 and **Lagardère Studios** on 30 October 2020.

**Assets sold relating to the former Lagardère Active division (Lagardère Studios) and Lagardère Sports** were separately monitored up to the date of their sale.

The main changes in the scope of consolidation between 2020 and 2021 are described in note 4 to the consolidated financial statements.

### 5.2.1 CONSOLIDATED INCOME STATEMENT

(in millions of euros)	2021	2020
Revenue	5,130	4,439
Recurring operating profit (loss) of fully consolidated companies <sup>(*)</sup>	249	(155)
Income (loss) from equity-accounted companies <sup>(**)</sup>	1	(58)
Non-recurring/non-operating items	(184)	(336)
of which impact of IFRS 16 on concession agreements <sup>(***)</sup>	(25)	(17)
Profit (loss) before finance costs and tax	66	(549)
Finance costs, net	(64)	(76)
Interest expense on lease liabilities	(68)	(74)
Income tax benefit (expense)	(22)	31
Profit (loss) from discontinued operations	2	(20)
Profit (loss) for the period	(86)	(688)
Attributable to:		
- Owners of the Parent	(101)	(660)
- Minority interests	15	(28)

(\*) Recurring operating profit of fully consolidated companies is an alternative performance measure taken from the segment information section of the consolidated financial statements (see reconciliation in note 5 to the consolidated financial statements), and is defined as the difference between profit (loss) before finance costs and tax and the following income statement items:

- income (loss) from equity-accounted companies;
- gains (losses) on disposals of assets;
- impairment losses on goodwill, property, plant and equipment, intangible assets and investments in equity-accounted companies;
- net restructuring costs;
- items related to business combinations:
  - acquisition-related expenses,
  - gains and losses resulting from purchase price adjustments and fair value adjustments due to changes in control,
  - amortisation of acquisition-related intangible assets;
- specific major disputes unrelated to the Group's operating performance;
- items related to leases and to finance sub-leases:
  - excluding gains and losses on leases,
  - excluding depreciation of right-of-use assets under concession agreements,
  - including decreases in lease liabilities under concession agreements,
  - including interest paid on lease liabilities under concession agreements,
  - including changes in working capital relating to lease liabilities under concession agreements.

(\*\*) Before impairment losses.

(\*\*\*) Including gains and losses on leases.

Items appearing in the Annual Financial Report are cross-referenced with the following symbol **AFR**

CHAPTER 5 - Net assets, financial position and results *Lagardère*

Revenue for the Lagardère group came in at €5,130 million for 2021, up 15.6% as reported and up 18.6% like-for-like<sup>(1)</sup>.

The difference between consolidated and like-for-like revenue is essentially attributable to a €29 million negative foreign exchange effect, partly reflecting the depreciation of the US dollar (negative €47 million impact) and the appreciation of pound sterling (positive €20 million impact). The €78 million negative scope effect relates chiefly to the impact of the disposal of Lagardère Studios and the acquisitions by Lagardère Publishing of Workman Publishing in September 2021 and Laurence King Publishing in September 2020.

**Revenue for Lagardère Publishing** totalled €2,598 million, up 9.4% as reported and up 8.1% like for like. The substantial revenue growth at Lagardère Publishing reflects strong demand from readers of all ages for all types of content (especially manga and graphic novels) and media in all geographic areas.

The difference between consolidated and like-for-like revenue is attributable to the combined impact of a €8 million negative foreign exchange effect resulting mainly from the depreciation of the US dollar, and a €39 million positive scope effect, due notably to the acquisitions of Workman Publishing and Laurence King Publishing.

In France, revenue for the division leapt by 13.8% in 2021. General Literature sales were driven by a host of successful titles across all of the publishing houses, and Illustrated Books also saw strong growth during the year, especially Lifestyle and Youth Works such as manga and graphic novels (with the publication of Asterix and the Griffin in October and the success of the Attack of the Titans series at Pika). Reader demand for these publications also boosted Distribution revenue with third-party publishers. As expected, Education was the only segment on the retreat, due to the lack of curriculum reform.

In the United Kingdom, the 2.5% increase on the exceptional prior-year revenue performance was driven by front and backlist momentum in Youth Works and Adult Trade titles.

In the United States, sustained growth of 3.7% was achieved on the back of major editorial successes in 2020, driven by a favourable release schedule and hit titles in the Youth Works segment. Distribution activities also benefited from a dynamic third party publisher market.

In Spain/Latin America, revenue grew by 5.0% thanks to brisk momentum in Spain – especially in the Trade segment, underpinned by the release of *Asterix and the Griffin* – and to the upturn in sales in the second half of the year in Mexico.

Revenue from sales of Partworks surged by 13.9%, thanks to successful backlist collections and new releases in the first half of 2021 in all geographic areas.

Following an exceptionally strong year for digital formats due to successive full lockdowns, E-books accounted for 7.7% of total Lagardère Publishing revenue in 2021, while digital audio books represented 3.8% of revenue (9.5% and 4.3%, respectively in 2020).

**Revenue for Lagardère Travel Retail** totalled €2,290 million, up 33.1% as reported and up 34.3% like for like. The difference reflects a negative foreign exchange impact of €21 million, attributable to the depreciation of the US dollar.

In France, revenue for the division jumped by 25.7% year on year due to the gradual pick-up in national and regional travel as restrictions were eased.

The EMEA region (excluding France) advanced by 18.8% year on year also under the impetus of the partial resumption of travel, led by countries with large domestic networks, especially rail stations (Romania, Czech Republic and Bulgaria).

North America recorded steep revenue growth of 72.5% year on year, driven by the recovery in domestic air traffic which gathered pace throughout the year.

Asia-Pacific revenue was up 28.7% year on year, thanks to sharp 63.4% growth in China lifted by consumer demand and network expansion, which more than offset the decline in sales in the Pacific region in the wake of border closures.

**Revenue for Other Activities** totalled €242 million, up 5.7% on a reported basis and up 6.9% like for like. The difference is due to a negative scope effect of €2 million.

Lagardère News sales were up 4.5%. Press revenue advanced by 2.9%, driven by a good advertising performance. Elle licensing activities were up by 19.1%, benefiting from the easing of restrictions in various countries, coupled with international advertising campaigns and a more diverse revenue stream. On the other hand, Radio revenue edged back by 1.7% due to lower audience figures resulting from the trend towards home working.

**Recurring operating profit of fully consolidated companies** amounted to €249 million, up sharply by €404 million on 2020.

**Lagardère Publishing reported €351 million in recurring operating profit**, up sharply by €105 million on 2020 and corresponding to an operating margin of 13.5%. This record margin was driven by business growth, a favourable sales mix and disciplined cost control.

**Lagardère Travel Retail** reported negative recurring operating profit of fully consolidated companies of €81 million, a €272 million improvement on 2020, with the flow-through ratio standing at 11.8% versus 2019 on a reported basis. The better-than-expected performance reflects the major efforts undertaken by the division over the period to control its costs and optimise opening hours when stores reopened.

Costs were slashed by €1,698 million in 2021 compared to 2019. The decrease in the cost base included a €563 million reduction in fixed costs – of which €381 million relating to fixed lease payments for concessions – mainly by renegotiating terms on concessions, adapting point-of-sale operations in line with air traffic trends, adjusting payroll costs and cutting other overhead costs.

**Other Activities posted a recurring operating loss of €21 million**, a €26 million year-on-year improvement that was mainly attributable to the more favourable business environment and cost-cutting measures still in place. As announced, corporate costs were reduced significantly to €45 million in 2021, representing a €25 million decrease compared to 2019.

**Income from equity-accounted companies** (before impairment losses) came in at €1 million in 2021, versus a loss of €58 million in 2020, with the improved performance stemming from the gradual business recovery at Lagardère Travel Retail in an environment that remains challenging, particularly at Société de Distribution Aéroportuaire, Relay@ADP and Lagardère & Connexions.

**Non-recurring/non-operating items** included in profit before finance costs and tax represented net expense of €184 million in 2021, comprising:

- €17 million in **impairment losses against property, plant and equipment and intangible assets**, including €15 million at Lagardère Travel Retail, mainly due to point-of-sale closures, the non-renewal and termination of concessions, particularly in the United States, and €2 million concerning the impairment of Casino de Paris goodwill at Lagardère Live Entertainment;
- €115 million in **amortisation of intangible assets and costs attributable to acquisitions and disposals**, including €101 million for Lagardère Travel Retail, mainly relating to concession agreements in North America (Paradies Lagardère, HBF and Volo Volo), Italy (Rome airport and Airst) and Belgium (IDF); and €14 million for Lagardère Publishing;

(1) Based on constant Group structure and exchange rates.

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- €44 million in **restructuring costs**, including €33 million for Other Activities in connection with the costs of converting Lagardère SCA into a joint-stock company, and reorganisation costs at Lagardère News, Lagardère Publishing (€9 million) and Lagardère Travel Retail (€2 million);
- a net €17 million **gain on disposals**, corresponding mainly to the sale of minority interests in Glénat and J'ai Lu at Lagardère Publishing;
- the €25 million negative **impact of applying IFRS 16 on concession agreements**, of which €30 million at Lagardère Travel Retail (including gains and losses on leases). This includes the straight-line depreciation of right-of-use assets, partially offset by proceeds from certain reductions in fixed lease payments in 2021.

In 2020, non-recurring/non-operating items represented a net negative amount of €336 million, including (i) €7 million in net disposal losses; (ii) €55 million in restructuring costs, mainly in connection with the restructuring and layoff measures introduced at Lagardère Travel Retail due to the health crisis; (iii) €106 million in amortisation of intangible assets and expenses relating to acquisitions of consolidated companies, of which €94 million at Lagardère Travel Retail relating to concession agreements; (iv) €151 million in impairment losses, including impairment of concession agreements in Rome and Belgium at Lagardère Travel Retail, impairment of assets in Spain and Latin America at Lagardère Publishing, impairment of Bataclan goodwill and impairment of audiovisual production assets (relating to the sale of Lagardère Studios); and (v) the negative €17 million impact of applying IFRS 16 to concession agreements at Lagardère Travel Retail.

As a result of the above, the **profit before finance costs and tax** came out at €66 million for 2021, versus a loss of €549 million one year earlier.

**Net finance costs** amounted to €64 million in 2021, down on the 2020 figure despite the higher cost of debt resulting from the refinancing carried out in late 2020 and October 2021. The improvement in this caption reflects the receipt of dividends from non-consolidated investments in 2021 and the fact that the impairment losses recognised on loans at Lagardère Travel Retail in the comparative year did not recur in 2021.

**Interest expense on lease liabilities** represented €68 million in 2021, versus €74 million in 2020. The €6 million decrease in this item results from the decrease in lease liabilities at Lagardère Travel Retail following the renegotiation of its leases.

In 2021, **income tax expense** amounted to €22 million, an increase of €53 million compared to 2020, further to the business recovery in all geographic areas, especially the United States. In 2020, income tax expense also included deferred tax income arising on tax losses for the period and impairment losses against concession agreements at Lagardère Travel Retail.

In 2021, the €2 million in **profit from discontinued operations** includes changes in provisions for vendor warranties and the outstanding balance of costs related to the sale of Lagardère Sports. In 2020, this item included the disposal losses and earnings at Lagardère Sports up until its sale in April 2020.

**Profit (loss) attributable to minority interests** in 2021 amounted to €15 million, versus a loss of €28 million attributable to minority interests in 2020. The year-on-year change chiefly reflects the sharp rebound in Lagardère Travel Retail's earnings.

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## 5.1 SEGMENT INFORMATION

### 2021 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	Lagardère Sports
Revenue	2,604	2,290	242	5,136	-	5,136	-
Inter-segment revenue	(6)	-	-	(6)	-	(6)	-
<b>Consolidated revenue</b>	<b>2,598</b>	<b>2,290</b>	<b>242</b>	<b>5,130</b>	<b>-</b>	<b>5,130</b>	<b>-</b>
Other income from ordinary activities	5	12	24	41	-	41	-
<b>Total income from ordinary activities</b>	<b>2,603</b>	<b>2,302</b>	<b>266</b>	<b>5,171</b>	<b>-</b>	<b>5,171</b>	<b>-</b>
<b>Recurring operating profit (loss) of fully consolidated companies</b>	<b>351</b>	<b>(81)</b>	<b>(21)</b>	<b>249</b>	<b>-</b>	<b>249</b>	<b>-</b>
Income (loss) from equity accounted companies before impairment losses	7	(6)	-	1	-	1	-
Restructuring costs	(9)	(2)	(33)	(44)	-	(44)	-
Gains (losses) on disposals	16	-	1	17	-	17	2
Disposals of assets	16	-	1	17	-	17	2
Fair value adjustments due to change in control	-	-	-	-	-	-	-
Impairment losses <sup>(*)</sup>	-	(15)	(2)	(17)	-	(17)	-
<b>Fully consolidated companies</b>	<b>-</b>	<b>(15)</b>	<b>(2)</b>	<b>(17)</b>	<b>-</b>	<b>(17)</b>	<b>-</b>
Amortisation of acquisition related intangible assets	(7)	(90)	-	(97)	-	(97)	-
Expenses related to acquisitions and disposals	(7)	(5)	-	(12)	-	(12)	-
Purchase price adjustment	-	(6)	-	(6)	-	(6)	-
Impact of IFRS 16 on concession agreements	5	(30)	-	(25)	-	(25)	-
Gains and losses on leases	5	126	-	131	-	131	-
Depreciation of right-of-use assets	-	(307)	-	(307)	-	(307)	-
Decrease in lease liabilities	-	142	-	142	-	142	-
Interest paid on lease liabilities	-	5	-	5	-	5	-
Changes in working capital relating to lease liabilities	-	4	-	4	-	4	-
<b>Profit (loss) before finance costs and tax</b>	<b>356</b>	<b>(235)</b>	<b>(55)</b>	<b>66</b>	<b>-</b>	<b>66</b>	<b>2</b>
<b>Items included in recurring operating profit (loss) of fully consolidated companies</b>							
Depreciation and amortisation of property, plant and equipment and intangible assets	(41)	(137)	(11)	(189)	-	(189)	-
Depreciation of right-of-use assets – Buildings and other	(32)	(14)	(21)	(67)	-	(67)	-
Cost of free share plans	(3)	(2)	(2)	(7)	-	(7)	-

(\*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

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## 2020 income statement

	Lagardère Publishing	Lagardère Travel Retail	Other Activities	Total target scope	Assets sold and disposals pending completion at Lagardère Active	Total	Lagardère Sports
Revenue	2,379	1,720	229	4,328	115	4,443	84
Inter-segment revenue	(4)	-	-	(4)	-	(4)	-
<b>Consolidated revenue</b>	<b>2,375</b>	<b>1,720</b>	<b>229</b>	<b>4,324</b>	<b>115</b>	<b>4,439</b>	<b>84</b>
Other income from ordinary activities	4	18	21	43	(2)	41	2
<b>Total income from ordinary activities</b>	<b>2,379</b>	<b>1,738</b>	<b>250</b>	<b>4,367</b>	<b>113</b>	<b>4,480</b>	<b>86</b>
<b>Recurring operating profit (loss) of fully consolidated companies</b>	<b>246</b>	<b>(353)</b>	<b>(47)</b>	<b>(154)</b>	<b>(1)</b>	<b>(155)</b>	<b>(2)</b>
Income (loss) from equity accounted companies before impairment losses	2	(59)	(1)	(58)	-	(58)	-
Restructuring costs	(9)	(36)	(10)	(55)	-	(55)	(3)
Gains (losses) on disposals	-	-	(6)	(6)	(1)	(7)	(14)
Disposals of assets	-	-	(6)	(6)	(1)	(7)	(14)
Fair value adjustments due to change in control	-	-	-	-	-	-	-
Impairment losses <sup>(*)</sup>	(20)	(106)	(6)	(132)	(19)	(151)	-
<b>Fully consolidated companies</b>	<b>(20)</b>	<b>(106)</b>	<b>(6)</b>	<b>(132)</b>	<b>(19)</b>	<b>(151)</b>	<b>-</b>
Amortisation of acquisition-related intangible assets	(7)	(97)	-	(104)	-	(104)	-
Expenses related to acquisitions and disposals	(4)	-	(1)	(5)	-	(5)	-
Purchase price adjustment	-	3	-	3	-	3	-
Impact of IFRS 16 on concession agreements	-	(17)	-	(17)	-	(17)	-
Gains and losses on leases	-	171	-	171	-	171	-
Depreciation of right-of-use assets	-	(401)	-	(401)	-	(401)	-
Decrease in lease liabilities	-	175	-	175	-	175	-
Interest paid on lease liabilities	-	32	-	32	-	32	-
Changes in working capital relating to lease liabilities	-	6	-	6	-	6	-
<b>Profit (loss) before finance costs and tax</b>	<b>208</b>	<b>(665)</b>	<b>(71)</b>	<b>(528)</b>	<b>(21)</b>	<b>(549)</b>	<b>(19)</b>
<b>Items included in recurring operating profit (loss) of fully consolidated companies</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Depreciation and amortisation of property, plant and equipment and intangible assets	(36)	(138)	(10)	(184)	(3)	(187)	(5)
Depreciation of right-of-use assets – Buildings and other	(32)	(16)	(23)	(71)	(1)	(72)	(3)
Cost of free share plans	(3)	(1)	(1)	(5)	-	(5)	-

(\*) Impairment losses on goodwill, property, plant and equipment and intangible assets.

**NOTE 6 REVENUE**

Revenue for the Lagardère group came in at €5,130 million for 2021, up 15.6% as reported and up 18.6% like for like.

The like-for-like change in revenue is calculated by comparing:

- 2021 revenue to exclude companies consolidated for the first time during the year, and 2020 revenue to exclude companies divested in 2021;
- revenue for 2020 and revenue for 2021 adjusted based on the exchange rates applicable in 2020.

The difference between consolidated and like-for-like revenue is essentially attributable to a €29 million negative foreign exchange

effect, partly reflecting the depreciation of the US dollar (negative €47 million impact) and the appreciation of pound sterling (positive €20 million impact). The €78 million negative scope effect chiefly relates to the sale of Lagardère Studios in October 2020. This was countered by the favourable impact of Lagardère Publishing's acquisition of Workman Publishing in September 2021 and of Laurence King Publishing in September 2020.

E-books accounted for 7.7% of total Lagardère Publishing revenue in 2021 (9.5% in 2020), while digital audiobooks represented 3.8% of revenue (4.3% in 2020).

Revenue breaks down as follows by business and by division:

	2021	2020
<b>Lagardère Publishing</b>	<b>2,598</b>	<b>2,375</b>
General Literature	1,085	1,061
Illustrated Books	443	332
Education	325	323
Partworks	297	265
Other	448	394
<b>Lagardère Travel Retail</b>	<b>2,290</b>	<b>1,720</b>
Travel Essentials	998	752
Duty Free & Fashion	795	598
Foodservice	497	370
<b>Other Activities</b>	<b>242</b>	<b>229</b>
Press	108	100
French Radio	96	100
Other	38	29
<b>Lagardère Active – non-retained assets</b>	<b>-</b>	<b>115</b>
Audiovisual Production	-	115
<b>Total</b>	<b>5,130</b>	<b>4,439</b>

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Revenue breaks down as follows by country and by division:

	2021	2020
<b>Lagardère Publishing</b>	<b>2,598</b>	<b>2,375</b>
France	767	662
United States and Canada	734	689
United Kingdom, Ireland and Oceania	527	499
Spain	136	131
Other Europe	222	196
Other	212	198
<b>Lagardère Travel Retail</b>	<b>2,290</b>	<b>1,720</b>
Europe, Middle East and Africa (excluding France)	887	748
United States and Canada	690	413
France	427	341
China	240	145
Other Asia-Pacific	46	73
<b>Other Activities</b>	<b>242</b>	<b>227</b>
France	199	193
Asia-Pacific	15	14
Western Europe	15	14
United States and Canada	13	6
<b>Lagardère Active – non-retained assets</b>	<b>-</b>	<b>115</b>
France	-	53
Western Europe	-	62
<b>Total</b>	<b>5,130</b>	<b>4,437</b>